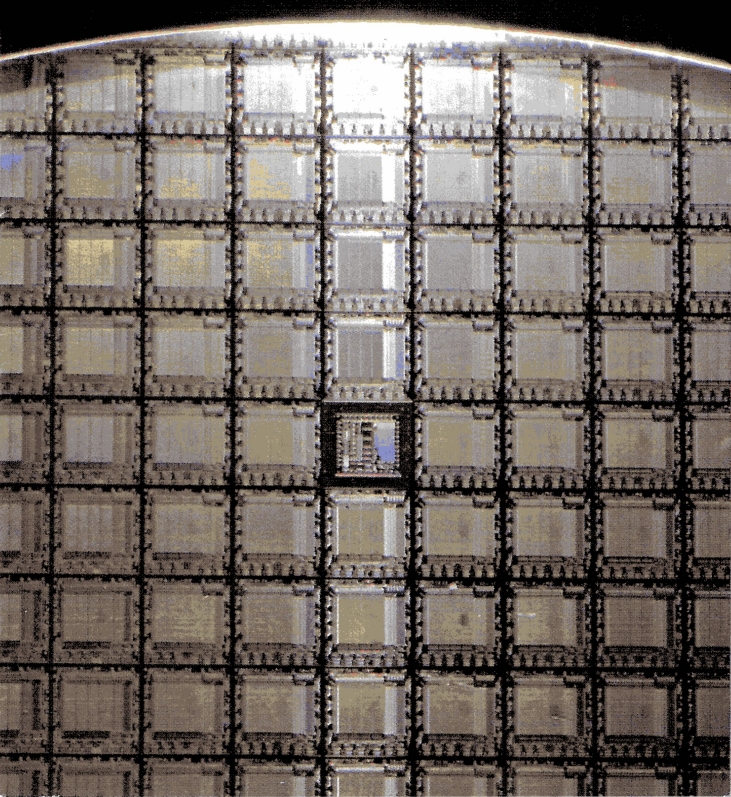


1983 Third Quarter Report

March 31, 1983



Commodore International Limited



To Our Shareholders

Record Financial Results

The third quarter and first nine months of fiscal 1983 ended March 31, 1983 saw a continuation of Commodore's record-breaking performances.

Net sales of \$189,575,000 for the quarter ended March 31, 1983 were 131% above the sales level achieved in the third quarter of fiscal 1982. Net income of \$25,019,000 was 128% higher than the net income before extraordinary item reported for the comparable quarter of 1982, while earnings per share of \$1.62 also were 128% ahead of 1982 earnings per share before extraordinary item for the same quarter of 1982.

For the nine months ended March 31, 1983 net sales rose to a record \$469,146,000, an increase of 127% over the comparable period of last fiscal year. Net income amounted to \$65,018,000, this representing an increase of 132% when compared to the first nine months of fiscal 1982, while earnings per share of \$4.22 were 132% higher than earnings per share of \$1.82 reported for the first nine months of fiscal 1982.

Solid Progress for the COMMODORE 64 and VIC 20

These impressive financial results were achieved by strong performances of all of Commodore's manufacturing and marketing subsidiaries, with especially solid progress having been registered in Germany, Australia and Switzerland. Unit sales of the COMMODORE 64 and VIC 20 microcomputers expanded significantly during the quarter.

The COMMODORE 64 and VIC 20 are becoming truly recognizable brand names found everywhere in homes, schools and offices. The close connection between Commodore products and daily consumer purchases is best illustrated by our Canadian subsidiary's successful

promotion of VIC 20's through a national Commodore/Pepsi Cola promotion and the use of some 800 youngsters ranging in age from 12 to 18 as Commodore product demonstrators after school hours in leading department stores.

Hannover Fair

During April Commodore once again was a major computer exhibitor at the Hannover Fair in Hannover, West Germany. This most important European trade show and the largest show of its type in the world, provided an opportunity to introduce the new Commodore Executive 64, and 64K portable color computer with built-in 5 inch video display and built-in 170K floppy disc drive. The international audience at Hannover which thronged Commodore's booth throughout the week's Fair, appeared particularly interested in application software, including the new CAD (computer assisted design) program by Commodore. The response to all current microcomputers in the Commodore line, as well as a vast array of peripheral devices and software, was the best in Commodore's history. This, to us, was reaffirmation of Commodore's continuing position as the number one microcomputer company in Europe.

Organizational Additions

During the past quarter several management additions occurred at Commodore.

Sigmund Hartmann joined Commodore Business Machines, Inc. as President of our newly formed Software Division. Mr. Hartmann, who has extensive computer hardware and software experience gathered during a distinguished 20 year career in data processing, primarily with TRW, Inc., most recently as Manager of its Digital Communications Laboratory, will be responsible for creating software for business, educational, and home use to be used in conjunction with Commodore's present and future microcomputer models.

Commodore International Limited announced a series of appointments: Richard J. McAlonan, Jr., formerly Director of Taxes, Franklin Mint Corporation, as Director of Taxes; Maurice Davies, formerly a Principal at Deloitte, Haskins & Sells (Canada), as Director of Internal Audit; and Tom Matson, formerly Assistant Controller, Joseph E. Seagram & Sons, as Director of Financial Reporting, and Robert Gleadow, formerly General Manager, Commodore U. K. Ltd., as General Manager, Commodore Hong Kong. Replacing Gleadow as General Manager, Commodore U. K. Ltd. is Howard Stanworth formerly a General Manager, Unigate, Ltd.

These appointments represent your management's continuing effort to broaden the managerial base of your company by adding to the team professionals who excel in their functional areas.

Progress by the U.S. Semiconductor Division

During the quarter our Semiconductor Division achieved volume production at its new five inch silicon wafer semiconductor manufacturing facility in Costa Mesa, California. Five inch silicon wafer manufacturing is a state-of-the-art technique in the semiconductor industry. By contrast, the five inch silicon wafer has 782 potentially good 16K ROM circuits versus 496 circuits on the four inch wafers previously and still manufactured. This productivity increase has been achieved with

only a small fractional increase in manufacturing cost to Commodore.

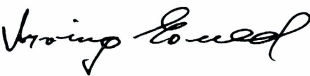
This five inch wafer facility, which represents an investment of close to \$20 million and which has been under development for approximately 18 months, places Commodore, along with IBM, General Electric, General Motors and Western Electric, among the five largest captive semiconductor manufacturers in the United States.

Stock Split

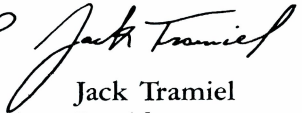
On May 12, 1983 we announced a 2 for 1 stock split in the form of stock distribution to all shareholders who are record owners of Commodore common stock on May 26, 1983. This distribution of one additional share of Commodore stock for each share held on the record date will be payable to shareholders on June 9, 1983.

We look forward to continuing our above-average year-to-year sales and earnings gains in the current quarter and into fiscal 1984 and truly hope our anticipated future success is shared by our dedicated employees and loyal shareholders worldwide.

Sincerely,



Irving Gould
Chairman of
the Board



Jack Tramiel
President

May 12, 1983

Consolidated Balance Sheets

Commodore International Limited and Subsidiaries

(In Thousands of Dollars)

	March 31 1983	March 31 1982
Assets		
Current Assets:		
Cash and deposits	\$ 46,390	\$ 34,684
Accounts receivable, net	154,128	72,556
Inventories:		
Finished goods	80,508	39,919
Raw materials and work-in-process	129,047	42,148
Prepaid expenses	1,317	2,298
Total current assets	411,390	191,605
Property and Equipment, net	66,881	45,196
Other Assets	4,598	680
	\$482,869	\$237,481
Liabilities and Shareholders' Equity		
Current Liabilities:		
Loans payable	\$ 21,526	\$ 36,213
Current portion of long-term debt	5,064	4,149
Accounts payable	176,458	41,187
Accrued liabilities	38,338	14,906
Income taxes payable	20,109	7,260
Total current liabilities	261,495	103,715
Long-Term Debt	52,155	42,596
Deferred Income Taxes	1,905	1,310
Shareholders' Equity		
Common stock	152	101
Contributed surplus	12,327	10,744
Retained earnings	160,308	79,015
Cumulative translation adjustments	- 5,283	—
Total shareholders' equity	167,504	89,860
Less: Treasury Stock	190	—
	\$482,869	\$237,481

Consolidated Statements of Changes in Financial Position

Commodore International Limited and Subsidiaries

(In Thousands of Dollars)

	For the Nine Months Ended March 31	
	1983	1982
Working Capital Was Provided By:		
Net Income	\$ 65,018	\$28,051
Items not requiring working capital		
Depreciation and amortization	7,657	4,701
Decrease in deferred taxes	— 41	—
Total working capital provided by operations	72,634	32,752
Increase in long-term debt	13,939	24,577
Common stock issued upon exercise of stock options	1,630	174
Decrease in other assets	—	42
Total working capital provided	88,203	57,545
Working Capital Was Applied To:		
Purchase of property and equipment	24,940	17,164
Increase in other assets	1,045	—
Repayment of long-term debt	6,161	14,007
Net change in cumulative translation adjustment	5,283	—
Total working capital applied	37,429	31,171
Increase in Working Capital	\$ 50,774	\$26,374
Changes in Working Capital Consist of Increases (Decreases) In:		
Current Assets		
Cash and deposits	\$ 39,553	\$25,199
Accounts receivable	72,643	24,494
Inventories	117,297	29,198
Prepaid expenses	— 408	1,027
	229,085	79,918
Current Liabilities		
Loans payable	17,992	32,313
Current portion of long-term debt	552	1,278
Accounts payable and accrued liabilities	149,740	18,966
Income taxes payable	10,027	987
	178,311	53,544
Increase in Working Capital	\$ 50,774	\$26,374

Condensed Statements of Income

Commodore International Limited and Subsidiaries

(In Thousands of Dollars, Except Earnings per Share which are in Dollars)

	For The Three Months Ended March 31		For The Nine Months Ended March 31	
	1983	1982	1983	1982
Net Sales	\$ 189,575	\$ 82,130	\$ 469,146	\$ 206,336
Income from operations	31,794	13,719	77,938	34,394
Provision for income taxes	6,775	2,762	16,600	6,852
Net Income before extraordinary item	25,019	10,957	61,338	27,542
Extraordinary item	—	209	3,680	509
Net Income	\$ 25,019	\$ 11,166	\$ 65,018	\$ 28,051
Earnings Per Share: (A)				
Before extraordinary item	1.62	0.71	3.98	1.79
Extraordinary item (B)	—	0.01	0.24	0.03
Net Income	\$ 1.62	\$ 0.72	\$ 4.22	\$ 1.82

Average common shares and common share equivalents	15,422,000	15,433,000	15,397,000	15,420,000
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(A) 1982 per share amounts have been restated to reflect April 1982 stock split.

(B) Tax benefit of net operating loss carryforward.

The foregoing statements are not audited but reflect all adjustments which are, in the opinion of management, necessary for a fair presentation of financial position and results of operations for the periods shown.

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